



RURAL DEVELOPMENT Vermont/New Hampshire

COMMITTED TO THE FUTURE OF RURAL COMMUNITIES

GUARANTEED LENDER NEWS

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Hot Points

- **New!** Streamlined program for business loans of \$600,000 or less with 3 to 4 day approval process.
- Guarantee products for businesses as well as non-profit organizations!
- Lower cost fee structure than SBA—both up-front and annual renewal.
- Local staff work directly with you for underwriting and loan servicing.
- Variable loans—You choose the index! FHLB, Treasury, Prime or other. Flexibility for you and your customer!
- Blend real estate and equipment needs into one easy loan for the customer!

TOURISM SECTOR LENDING

By Steven Epstein

FACT: Over the next 12 months many commercial lenders will be approached by a tourism based business for financing.

FACT: In a majority of these cases the lender will need a credit enhancement to get the deal approved by senior management.

If this scenario sounds like something that you have to deal with – read on.

Using examples from recently closed deals, this article will offer insights into how our Business & Industry loan guarantee program can reduce risk for the bank **and** allow you to provide competitive interest rates and terms to your borrower.

Deal #1: When the owners of [Tree Corners Family Campground](#) in Irasburg, VT had a



Korena and Paul Poirier, owners of Tree Corners Family Campground with Rick Isabelle of Community National Bank

vision of developing a family campground with 131 sites, they turned to [Community National Bank](#) for financing.

The Bank received an 80% USDA Rural Development guarantee. Applicant equity and subordinate financing from [Northern Community](#)

[Investment Corporation](#) completed the sources of funding.

A portion of the new funding refinanced existing land debt and strengthened cash flow.

See *Tourism Page 2*

LENDING TO NON-PROFIT ORGANIZATIONS

By Susan Woolard

When the [Southern Vermont Recreational Center](#) in Springfield sought financing for their new \$5.6 million dollar swimming, recreation and fitness center, they turned to **Pat**

Mangan at the [Chittenden Bank](#) to assist with financing.

As a familiar partner to USDA Rural Development, Mangan contacted Andrea Ansevin-Allen, USDA Rural Development's specialist located in Brattleboro, Vermont to start

the process of obtaining a guarantee for the credit.

What Lenders Can Participate? All State and Federally chartered banks, Farm Credit

See *Non-Profits, Page 3*

TOURISM

Tourism Continued from Page 1

Deal #2: When **Phil Mireault** at [First Colebrook Bank](#) received a loan request to take out seller financing for [Autumn Hills Campground](#) in Weare, NH he recalled the presentation he attended on USDA Rural Development's loan guarantee programs.

The sellers provided a balloon note to facilitate the purchase of the campground the previous year and the owners wanted the security of a long term bank loan.

FCB's loan received an 80% B&I guarantee. The term is 25 years and features an attractive interest rate that is fixed for the first 5 years. The borrower is enjoying substantial annual savings in debt service and escaped the risks

associated with a personally held balloon mortgage.

Deal #3: When **Kevin Gorham** of [TD Banknorth](#) was approached to finance the purchase of the Holiday Harbor Resort in North Hero, VT he turned to USDA Rural Development and was approved for an 80% business and industry loan guarantee.

The guaranteed loan, combined with applicant equity, funded the purchase and renovations to the property.

[Vermont Economic Development Authority](#) (VEDA) played a key role in helping to structure a highly competitive offering for the bank. VEDA loan officer **Marie Dusseault** developed the participation structure.



Autumn Hills Campground
Weare, New Hampshire

Each of these examples illustrates a win-win for the bank and the borrower. For the bank, the USDA Rural Development loan guarantee mitigates the risk associated with lending to seasonal, tourism based businesses.

For the borrower, the guarantee delivered favorable rates and terms generating stronger cashflows and a more predictable operating environment.

USDA Rural Development Guarantees To Seasonal Businesses Can Mitigate Industry Concentration and Weather Related Risks.

USDA RURAL DEVELOPMENT RECEIVES PARTNERSHIP AWARD

USDA Rural Development was the recipient of the Vermont Economic Development Authority's 2006 "Partner of the Year" award.

Presenting the award to David Robinson, USDA Rural Development's senior Business Program's Specialist for Vermont, was Jo Bradley, VEDA CEO.

USDA Rural Development and VEDA enjoy a strong and mutually supportive relationship that dates back to 1989 when VEDA obtained its first block of USDA Rural Development Intermediary Relending Pro-

gram funding to help capitalize its small business lending program.

To date, VEDA has received \$3.950 million of USDA Rural Development loan capital. Through fund growth and repayments, VEDA has disbursed a total of 137 USDA Rural Development related loans totaling \$7.3 million which has impacted 625 Vermont jobs.

In addition to supporting a vibrant small business lending program, VEDA has also purchased participations in several bank originated loans



Jo Bradley, VEDA CEO and David Robinson, USDA Rural Development Business Programs Specialist

that are backed by USDA Rural Development loan guarantees.

To learn more about VEDA's programs, visit: www.veda.org

NON-PROFITS

Non-Profits Continued from Page 1

System Banks and certain credit unions are eligible to participate in the program.

Other lending institutions may also qualify under special authorities.

What Applicants are Eligible?

Any non-profit or municipal entity (if they are issuing a taxable issue) in a community with a population of 20,000 or less that is proposing a project that is modest in size, cost and design and defined as an “essential community facility”.

What Is An Essential Community Facility? Essential facilities include but are not limited to:

Health Care – such as hospitals, clinics, nursing homes, or ambulatory care centers.

Public Safety – police and fire stations, jails, fire and rescue vehicles and equipment.

Public Services – adult and child care centers, courthouses, airports, schools, jails, museums, and libraries.

Recreation – ice rinks, recreational centers, and swimming pools.

Strong Protection!

Guarantees against loss are customarily 80% but can be as high as 90%. Fees, rates and terms, as long as they're not above those you customarily charge in your normal course of business, are negotiated between you and your applicant, and are subject to

USDA Rural Development review.

Low Cost Fee

There is a one-time fee to USDA Rural Development of 1% of the guaranteed portion of the loan which is due when you request the guarantee.

Enhance Liquidity!

Guarantees can be sold on the secondary market or participated with other lending institutions. However, you must retain at least 5% of the non-guaranteed portion in your portfolio.

Guaranty Benefits

- Balloon payments prohibited. Reduces future client costs and risk!
- Fixed or variable interest rates are allowed. Allows creativity!
- Terms up to 40 years or the useful life of assets financed. Better cash flow!
- Interest-only installments are possible during start-up. Preserves working



Southern Vermont Recreation Center
Swimming Pool

inquiry, call one of our Specialists today!

VERMONT

Addison, Bennington, Rutland, Windham or Windsor County

Andrea Ansevin-Allen
802-257-7878 X111

Caledonia, Essex or Orleans County
Mark Koprowski
603-747-2777 X112

Chittenden, Franklin, Grand Isle, Lamoille, Orange or Washington County
Naomi Hatch
802-828-6032

NEW HAMPSHIRE

Belknap, Rockingham or

Strafford County

Gregg MacPherson
603-223-6047

Carroll or Coos County
Anne Getchell
603-447-3318

Cheshire, Grafton, Hillsborough, Merrimack or Sullivan County
Scott Johnson



Southern Vermont Recreational Center—Facility Exterior

capital!

Program Contacts

If you are interested in learning more about the **Community Facility Guarantee** program or wish to screen an

Guarantees up to 90% help mitigate the collateral and operational risks of non-profit borrowers.

USDA Rural Development

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We're On The Web!
www.rurdev.usda.gov

*Building Vibrant Rural
Communities*

ABOUT USDA RURAL DEVELOPMENT

Our financial programs support such **essential public facilities and services** as water and sewer systems, housing, health clinics, emergency service facilities and electric and telephone service. We promote **economic development** by supporting loans to businesses through banks and community-managed lending pools. We offer **technical assistance and information** to help agricultural and other cooperatives get started and improve the effectiveness of their member services. And we provide technical assistance to help communities undertake **community empowerment programs**.

Nationally, USDA supports an \$86 billion dollar portfolio of loans and we administer nearly \$16 billion in program loans, loan guarantees, and grants through our programs.

Rural Development achieves its mission by helping rural individuals, communities and businesses obtain the financial and technical assistance needed to address their diverse and unique needs. Rural Development works to make sure that rural citizens can participate fully in the global economy.

USDA Rural Development is an equal opportunity lender, provider and employer.

BUSINESS PROGRAM CONTACTS

Business Guarantees

Vermont

David Robinson
802-828-6070

David.Robinson@vt.usda.gov

New Hampshire

Steven Epstein
603-223-6042

Steven.Epstein@nh.usda.gov

Energy Programs

GRANTS!

LOAN GUARANTEES!

Grants available for renewable energy and energy efficiency projects to businesses and farms up to \$500,000.

To read more about the program and its benefits, you may visit our website:

www.rurdev.usda.gov/rd/energy

New Hampshire

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Vermont

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Committed to the future of rural communities.